

Special Report: - NQ Minerals PLC -

Big Money-Maker Mine Reactivation



Not too long ago, we opened your eyes to **NQ Minerals PLC** listed as NQMI - NEX Exchange, London (an upgrade to the senior London Stock Exchange is underway). Since our last report discussing NQMI, a LOT has happened to this interesting company, vaulting it forward and putting it at the top of our radar.

“Well... what has happened that’s so amazing?” you may ask. Here it is:

NQ Minerals announced the 100% acquisition of the *massive* Hellyer Gold Mine in Tasmania, Australia.

They call it a gold mine, but this mine has so much more than just gold to its credit, being rich with zinc, lead and, silver too. All told, the in-situ resource outlined at Hellyer has over **GBP£2.25 billion in contained metals** at today’s metals prices. We’ll break down the economics of this in below, but we thought this would catch your attention. Especially when the company has a current market cap of no more than GBP£26 million...

“Tell me more!!!” Right-o, we will! And that’s because we don’t want you to miss considering such a rare opportunity, one typically reserved for top Institutional groups and High Net Worth investors.

Here’s what we have from the company on the Hellyer Mine’s estimated value to shareholders from the Hellyer JORC-compliant report:

Hellyer Mine Contained Metals:

Gold (Au) - 764,000 oz
Silver (Ag) - 27 million oz
Zinc (Zn) - 217,000 tonnes
Lead (Pb) - 277,000 tonnes

Est. Life of Mine Revenue: **GBP£ 624 million** (current LOM: 10 years)

Hellyer Annual Revenue EBITDA*: **GBP£ 31.2 million**

*for laypeople, that’s Earnings Before Income Tax, Depreciation & Amortization January, 2018

But here's the kicker: the all-in cost of production is estimated to be a mere US\$520/oz (GBP£395/oz) gold equivalent!! That is WAY below the industry average. In gold-equivalent terms at the time of this report, that means potential net revenue from metal sales in and around US\$820 (GBP£595) per ounce. Very rarely do investors get exposure to such a profitable mine production scenario.

These numbers should make your eyes pop out of your head. And the whole operation is being run by some of the best in the mining business. Just take a look at their accomplishments:



Walter Doyle, CEO/Director - 30+ years mining industry experience; most **recently led Sirius Minerals** from a shell company one with a market capitalization of **over GBP£1.1 billion**

Colin Sutherland, CFO/Director - 20+ years mine & finance experience; most recently **President of McEwen Mining (NYSE: MUX)** taking the share price **from under \$1.00 to over \$6.50!**

Allen Ambrose, Director - 30+ years mine development, finance and mineral exploration; current director **McEwen Mining (NYSE: MUX)** raised over \$180 million in companies that **discovered over \$50 billion in contained metals!**

Brian Stockbridge, Non-Exec Chairman - 20+ years investment banking and finance experience; founded the London office of investment bank Zeus Capital, completing over **150 transactions worth over GBP£1 billion.**

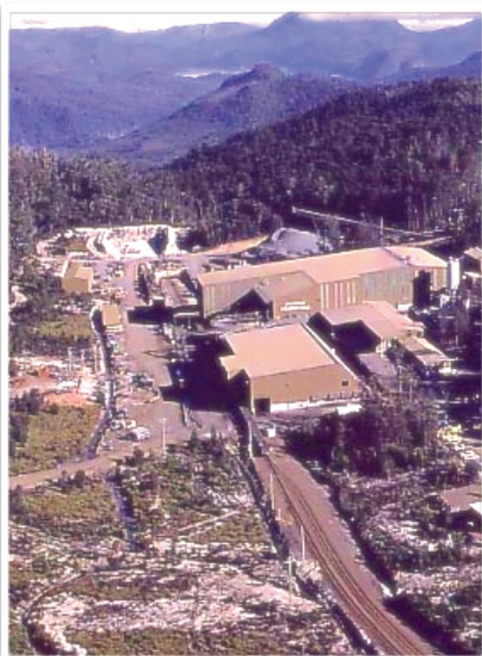
Greg Lane, Director - 30+ years in mine operation, engineering, design and project management; a highly sought-after technical expert, **author of over 70 publications** on mineral processing and project development

Bryan Smart, Director - 40+ years experience in global finance; served as **Finance Director for Daimler Chrysler** from 1996 to 2006

Roger Jackson, Director - **25+ years in mine development** with extensive operational and management experience in Australian underground and surface mining

Adrian Lungan, Director - **37+ years geological experience**; worked for major, multinational mining companies such as **Newmont Mining Corp.** specializing in project evaluation and acquisitions

Now that's a team that can make things happen to generate strong value for shareholders. **People bet on people** more than anything, so you can see why most would have confidence betting on this team. The fact that they pulled off the Hellyer Gold Mine acquisition in such a junior company speaks volumes for their combined abilities.



Postcard from the past (circa 1996):
- The Hellyer Mine Mill -
Currently being refurbished
& modernized for full-scale production
NOTE: Rail line direct to Port of Burnie

So what does the Hellyer Mine mean to an NQ Minerals shareholder? Why would someone want to consider NQMI?

Let's break this down in a 'back-of-the-napkin' way.*

*(NOT official NQ Minerals company projections, nor official projections from The Venture Letter. Investors are cautioned to seek professional advice before making an investment decision.)

At the date of this report NQ Minerals has a total 280 million shares outstanding, fully diluted closer to 530 million. Should they meet their target of GBP £ 31.2 million EBITDA per annum, that could mean a 10x times multiple+ on the current market cap. Earnings like this would be outstanding for a junior miner to hit within the first couple years after reactivating a mine.

Having discussed this with a few close mining analyst associates, it is fair to propose NQ Minerals will fall under an industry multiple of between 8 to 12 times earnings**. With the shares recently trading under GBP£ 0.10, we'll let you do the math...

** (NOT official, nor necessarily precise industry earnings multiples. The Venture Letter advises and recommends investors seek professional assistance with company assessment and evaluation.)

Here's something more to chew on when considering NQ Minerals: the Hellyer Mill is the only one of its kind in the region. There are numerous projects in the area that could seek the use of the Hellyer Mill in mine-feed deals. This could lead to significant future Blue Sky for NQ Minerals.

The other question is: what resources remain underground at Hellyer itself? Production stopped due to issues with costs and low metal prices in the past; however, this does not mean past groups were done outlining further economic resources underground and along trend.

Even more to chew on... and this is big: the Hellyer Mine's value is mostly in its contained zinc. Demand for zinc has skyrocketed in the past (see 5 year chart, next page) and future demand is not expected to let up.

The supply of zinc has been greatly affected by China's crackdown on domestic mining practices due to terrible smog issues, resulting in 26 zinc mines recently being shut down. Demand for zinc grows ever stronger due to this. Demand is also being driven by the demand for global infrastructure, especially from emerging markets and from China and India's extensive urbanization.



Along with the production of zinc typically comes lead. NQ Minerals' Hellyer Mine hosts a hefty chunk of lead, too: 277,000 contained tonnes of the stuff. This month Reuters.com quoted leading research and consultancy giant Wood Mackenzie, estimating "... the lead market will see a deficit of 115,000 tonnes in 2018 and 56,000 tonnes in 2019 after a 119,000 shortfall in 2017". The closures of zinc mines in China, as mentioned above, will affect the global supply of lead as well as zinc. This bodes well for the lead price remaining strong in the next few years+.

Another promising boost to the value of NQ Minerals and the Hellyer Mine is the outlook for gold and silver. The Bank of China came out this month stating they expect gold to break the US\$1,400 barrier in 2018. Each \$100 increase in the price of gold increases the value of the Hellyer Mine by US\$76,400,000 (gross).

Silver demand is also expected to remain strong. "We expect silver to move moderately higher in 2018 and 2019 based on strong industrial demand and limited supply," said James Steel, chief precious metals analyst at HSBC this month in the company's silver outlook. "Silver prices will be better bid in 2018 and see a price range of USD16.10-19.25/oz for this year," the report said. "Any resurgence in risk may spark 'safe haven' demand and aid prices," Steel said.

All in all, this tells us the precious and base metals markets are looking strong for the future. This feels like perfect timing for NQ Minerals to restart production at the ready-to-roll gold, silver, zinc & lead Hellyer Mine this summer/fall.

Feels like perfect timing.



PRODUCTION & EXPLORATION IN NORTH QUEENSLAND

When we first introduced NQ Minerals, we highlighted the company's exploration and development work in the prolific Charters Towers gold district on North Queensland, a district that has seen over 20 million ounces of gold produced to date. And that is not even counting other valuable metals discovered and produced in the region such as silver, copper, zinc and lead.

Here, NQ Minerals is sitting on a the Ukalunda project that could prove to be host to new mineralized gold and silver trends in an already world-famous mining district. The company is focused on developing and expanding metals deposits, and commencing silver production from stockpiles on the Ukalunda project, outlined below.

Ukalunda is host to the historically-producing Sunbeam Mine where over 600,000 ounces of silver were produced with silver grades reaching 37,000 g/t silver (yes, that's 37kg/tonne!). NQ Minerals is preparing to produce silver from stockpiles at Sunbeam which will bring the company further near-term cash flow. Prior drilling at Sunbeam intersected 27.2 metres of 290g/t silver, plus 13 metres of 214g/t silver - strong silver mineralization.



NQ Minerals Drilling For Gold & Silver, Ukalunda Project, North Queensland

The latest results from first-phase drilling at Ukalunda included a new gold discovery of 11 metres of 1.4g/t gold; 3 metres of 3.6g/t gold; plus one metre intercepts of 2.95g/t gold and 2.57g/t gold. Previously unknown zinc mineralization including one metre intervals of 11.8% zinc and 4.0% zinc were also encountered. New copper mineralization was also hit at depth requiring further testing.

Though NQ Minerals has only recently just started its own drill testing at Ukalunda, prior exploration has been done on the project. Historical drilling returned:

- 3.0 metres of 0.65g/t gold, 323g/t silver, 1.2% copper, 0.4% lead, 0.4% zinc
- 4.0 metres of 115g/t silver, 0.4% copper
- 12 metres of 0.87% lead, 2.36% zinc, 39g/t silver
- 3.0 metres of 3.55% lead, 25g/t silver
- 8.0 metres of 1.9g/t gold, and
- 11 metres of 17g/t silver.

Something interesting is starting to be outlined at Ukalunda...

With Hellyer Mine production expected to commence mid 2018, along with the additional potential upside we outlined in this report, NQ Minerals is undeniably a company of interest.

Known as a successful company builder, NQ Minerals' CEO Walter Doyle has extensive experience in adding value to the companies he leads. We believe Walter is building NQ Minerals into a company that could provide significant upside to shareholders.



Keep a **very** close eye on NQ Minerals PLC from now on. We expect to see substantial advancement and growth in this company. Don't say we didn't warn you!

For more information, contact the company at invest@nqminerals.com or visit the company's website at www.nqminerals.com.

Good luck and good hunting.

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